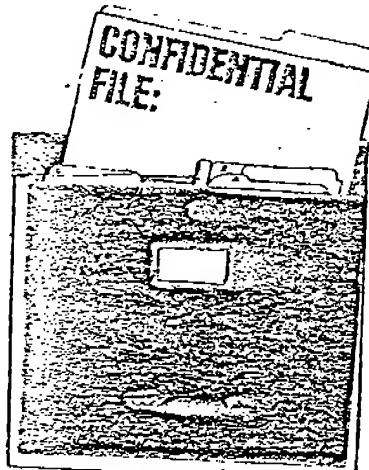


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ON PAGE 54.

THE INVESTIGATIVE REPORTER
January 1982



Sinai PROBLEMS:

The Israelis have insisted that the peace process begun by Menachem Begin and Anwar Sadat at Camp David will continue despite the assassination of the Egyptian president. CIA analysts aren't so sure.

At a meeting convened after the October assassination, CIA experts concluded that Israel will not meet the April 20, 1982, deadline for withdrawal from its last Sinai outposts. Its leaders won't be able to—for political reasons.

With Sadat alive, the chances of final Israeli withdrawal were slim enough. His elimination, the CIA fears, brings the chances down to zero. Here's why:

Prime Minister Begin's razor-thin majority in the Knesset depends on a coalition with several small parties, all of which have been dead-set against the peace treaty with Egypt from the very start. For religious reasons, these parties believe that Israel should not give up any of the land-won from the Arab states in the 1967 war. The only thing that kept the extremists in line was Sadat.

Guela Cohn, the leader of one of Begin's coalition parties, announced immediately after Sadat was killed: "Camp David is dead." Even members of Begin's own party, the Likud, have always been lukewarm toward the peace treaty with Egypt. Every Likud cabinet member except Begin himself either voted against the treaty or abstained when it was first offered for ratification.

According to the CIA experts, the flash point in the Knesset's rebellion against a post-Sadat implementation of the treaty may be the small town of Yamit, a settlement just inside the area that would have to be given back to Egypt. Yamit is an ultramodern oasis in the desert, with schools, shops and hundreds of flower gardens established by Jewish settlers. The residents have vowed they'll never leave, and have armed themselves to resist any attempts to force them out. It's unlikely that Begin will try.

* * * * *

HAYFOOT, STRAWFOOT

Deadly enemies they may be, but Arabs and Israelis are brothers under the skin in an important genetic kink that could make them vulnerable in combat, at least according to a CIA study.

The intelligence agency, which apparently has unlimited enthusiasm for arcane research projects, recently put its analysts to work interpreting a public study in which Arabs, Israelis, Europeans and Americans were tested for their ability to respond to verbal commands involving movements to the right or left.

Now wait: If you stop reading, you'll never know what got the CIA so excited. It seems that 42 percent of the Arabs responded to the instructions (like "Scratch left eye") with hesitation

and an initial movement of the eyes in the wrong direction—presumably to see what the guy on the left (or right) was doing. The Israelis were almost as bad: 36 percent uncertain.

But the Europeans and Americans—ah! Did we know our left from our right? You bet: All but 3 percent guessed correctly without so much as scratching their heads.

The CIA experts saw little hope of the Arabs or Israelis ever correcting their problem, since they insist on reading from right to left from childhood. Nor did the CIA explain exactly how the cultural quirk could hurt the Arabs or Israelis in combat situations. The moral seems to be: Never ask an Arab or Israeli for directions in a hurry.

ARTICLE APPEARED
ON PAGE 52-74

NEW YORK TIMES MAGAZINE
24 June 1979

THE ARAB STAKE IN AMERICA

Governments and oil millionaires of the Middle East are said to be invading U.S. markets in a wholesale buying binge. Worried experts fear that as a result the Arabs may soon be able to exert undue influence on American policies.

By Judith Miller

Like modern-day Paul Revere, news reports warn of a new kind of foreign invasion. On Wall Street, in banking, industry, real estate, the clarion sounds: The Arabs are coming! The Arabs are coming! Flushed with Petrodollar surpluses, the governments and oil millionaires of the Middle East are said to be invading American markets in a colossal buying binge.

To many Americans, this economic offensive is even more alarming than the Arab oil embargo of 1973. That, at least, was a direct confrontation, something this nation could cope with if it had the wit and the will. The rise in Arab investments, according to some analysts, is more insidious: If the oil embargo was the stick, the investments are the carrot — some would say drug, on which the nation has become increasingly dependent.

The Carter Administration seeks to assuage the fear that American dependency on Arab oil and Petrodollars could undermine the nation's ability to conduct an independent foreign policy. Direct Arab investment here has been relatively modest, Carter spokesmen say, and they add that even this modest level helps

return dollars spent on oil, thus aiding the American economy. The Administration's public assurances, however, are belied by its private posture. The Carter Government has gone to extraordinary lengths, as did its two predecessors, to prevent public disclosure of details of the Arab investment, even to the Congress.

For several weeks, the House Subcommittee on Commerce, Consumer and Monetary Affairs, headed by Representative Benjamin S. Rosenthal, Democrat of Queens, has been locked in combat with the Treasury Department, the C.I.A. and other executive agencies over access to such information. Capitol Hill sources say that Mr. Rosenthal is prepared to subpoena the information, if necessary, to evaluate these investments in hearings next month. "The need for this assessment has become even more critical in the wake of new oil-price hikes," Mr. Rosenthal says. "OPEC had little surplus last year, but this year the Arabs will have an estimated \$30 billion to play around with; we just don't know what they're doing with it."

Many Government officials, financial analysts, lobbyists, scholars and bankers are willing to speak out on the subject — though most insist on anonymity — and they are of the opinion that while the Arab investment may not at first glance seem overwhelming, it does provide the Arabs, at least indirectly, with tremendous new political leverage and even greater potential.

Private investments, though substantially smaller than those of the governments', offer an intriguing glimpse of the Arabs' undertakings. And a recent secret C.I.A. study concludes that some of these private dealings may be more "destabilizing" than the official ones. Individuals, the study notes, may be more willing to undertake riskier or more speculative investments than the Arab governments would be.

Ghaith R. Pharaon, the Saudi millionaire who has bought two American banks, real estate and construction firms, in 1978 purchased former budget director Bert Lance's National Bank of Georgia stock for \$20 a share — or \$9 above the then market price.

Some time later, four other influential Arabs involved in American banking were charged by the Securities and Exchange Commission with violating securities laws by secretly attempting to acquire control of Financial General Bankshares, a \$2.2 billion bank-holding company in the heart of Washington, D.C.

Adnan Khashoggi, a Saudi businessman, is now wanted for questioning by S.E.C. and Justice Department officials who want to ask about his acceptance of millions of dollars in allegedly illegal commissions from sales activities, in Saudi Arabia, for Northrop, Raytheon and Lockheed corporations.

Roger Tamraz, a Harvard-trained Lebanese financier, is chairman of The First Arabian Corporation, a Luxembourg-based syndicate of Kuwaiti and Saudi Arabian investors that owns, among other things, the Bank of the Commonwealth in Detroit (in which Ghaith Pharaon was also an original investor). Mr. Tamraz's activities came to light in 1974, when his syndicate had made an unsuccessful bid for control of the Lockheed Corporation, a Defense contractor. "The deal was misrepresented in the press," Mr. Tamraz says. "We never sought control, but, rather, viewed Lockheed as a sound investment, despite its temporary cash squeeze."

ARTICLE APPEARED
ON PAGE 135-136

THE NATION
10 February 1979

under
Falk)

MOSQUE AND PEOPLE POWER

Iran's Home-grown Revolution

RICHARD FALK

Recent developments in Iran, whatever their outcome, have a momentous significance for this century. Not only is the political, economic and cultural destiny of an important country at stake, not only is a fundamental challenge to American foreign policy involved, but a completely new revolutionary process is unfolding in Iran that is independent of the legacy of all previous revolutions. Its success or defeat will inevitably exert an awesome impact on the overall prospects of some 700 million Moslems elsewhere, and quite possibly, on non-Moslem peoples throughout the third world.

How else, but in these terms, can we interpret Zbigniew Brzezinski's recent insistence that the CIA mount a major study of political life in the entire area of Moslem dominance? Islam has emerged in Iran as a major new anti-imperialist threat to American interests in the third world, certainly eclipsing Communism or radicalism in the oil-rich Middle East.

Even William Sullivan, our counterinsurgency specialist Ambassador in Teheran, reluctantly conceded that the upheaval in Iran "is a genuine revolution. I can't describe it any other way." Iran's beleaguered Prime Minister, Shahpur Bakhtiar, said to us the night the Shah left the country, "The people want revolution." He was at the time, expressing his frustration with the situation, contending that the Khomeini program was vague and dangerous, an instrument of Communism, and much less beneficial for the country than his own program to establish an orderly, liberal democracy in Iran.

Ayatollah Ruhollah Khomeini has emerged as the unquestioned leader of the "Glorious Movement," in part, because his posture has been revolutionary in its claim and character. For decades he has rejected the legitimacy of the Pahlevi dynasty in utterly uncompromising terms, whereas other opponents of the Shah, even respected leaders of the National Front, such as Karim Sanjabi, and comparably eminent aya-

tollahs such as Kezim Shariatiadery of Qum, were willing to work obediently for reforms and influence within the framework of the monarchy. And now, it is Khomeini's rigid insistence that Bakhtiar has absolutely no mandate to govern that gives the political crisis in Iran its revolutionary intensity. Such a stand entails danger and terrifying uncertainty at a time when the population is confronted by a heavily equipped military led by pro-Shah generals, who are backed, possibly even incited, by the United States in their schemes to stage a counterrevolutionary coup—even if such a coup produces, as it probably will, a bloody, protracted civil war.

It is difficult, of course, to predict at this stage how the situation will unfold. The American role is critical. Although Sullivan said in mid-January that a "military coup wouldn't accomplish much," subsequent indications are that American policy is encouraging the generals to look favorably upon a military solution. How else can one interpret Carter's decision to ship 200,000 barrels of fuel for internal military use, as well as the reports of daily contacts among the Iranian generals, the American Gen. Robert Huyser and the White House? And how else to interpret press reports that high officials in Washington were pleased when the Army displayed its resolve by opening fire on unarmed civilian demonstrators, inflicting heavy casualties, several times late in January? The Pentagon, in official releases, has declared that even a neutralist regime in Teheran would affect adversely American interests. Our conversations with a wide spectrum of opposition leaders revealed that these American moves are seen as a continuing intervention in the internal affairs of Iran and are deeply resented because they are believed to be driving the country back toward tyranny or to civil war.

Because the revolutionary surge is so strong, no political resistance is conceivable at this time. Despite some scoffing by the mainstream press, we came to agree with the estimates given us in Teheran that 99 percent of the population had come to oppose the Shah, while a somewhat smaller, but still overwhelming majority—somewhere between 70 and 90 percent—support Khomeini. Now, only a brutal military counterrevolution can break the revolutionary will of the people, given their organization and unity.

So far, the Khomeini forces have displayed remarkable restraint. Despite persistent incitement by the Army and *provocateur* tactics by the Savak in a large number of cities, including unprovoked attacks on peaceful crowds, atrocities against hospitals and medical workers and cruel violence that includes using high-technology weaponry against children, the opposition has not resorted to arms or violence.

The main incidents of destruction of property and terrorism in recent months are generally believed, even by middle-class Iranians suspicious of Khomeini, to be the work of Savak. The discipline imposed by the religious leadership has so far restrained a rising wave of anger among the people. Khomeini can

Richard Falk returned last week from a trip to Iran with former Attorney General Ramsey Clark. The trip was made at the request of Iranian opposition leaders. Professor Falk is a member of The Nation's editorial board and chairman of the United States People's

Article appeared
on page A-16

THE WASHINGTON POST
9 February 1979

LETTERS TO THE EDITOR

Criticizing Sen. Church for 'Flaunting His Powers'

Arabic
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Within one day of closed-door hearings, during which the administration disclosed highly sensitive information to the Senate Foreign Relations Committee, reports of them were not only headlined in the press ("CIA Will Survey Moslems Worldwide," front page, Jan. 20), but also confirmed and augmented by Chairman Frank Church himself. The confidential study of Moslem fundamentalism, criticism of Saudi leadership positions, sensitive decisions vis-à-vis Iran, were thrown open to the world—engendering publicity, of course, and hampering diplomatic efforts in the process. Such revelations augur ill for the kind of working relationship between Congress and the administration necessary for attainment of sound foreign-policy objectives.

Chairman Church, hardly having warmed his throne, is already publicizing differences in sensitive areas of foreign affairs and flaunting his powers. His statements criticizing our intelligence efforts in Iran and questioning U.S. competency in that field are particularly annoying, considering his highly publicized and damaging attacks on our intelligence operations during past congressional investigations.

STEPHANIE PERRY
Washington

So now, after "the intelligence failure" in Iran, Sen. Frank Church wonders "if we are competent to manage an intelligence-gathering program on anything." [Jan. 20].

As one who aggressively emasculated the intelligence community in recent years, Sen. Church is ill-suited to complain now that he finds it sterile.

MARSHALL N. HEYMAN
Falls Church

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FOR PUBLIC AFFAIRS STAFF

PROGRAM Issues & Answers

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DATE February 4, 1979 12:00 Noon

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SUBJECT Full Text: An Interview with Director Turner

BOB CLARK: Our guest is Admiral Stansfield Turner, the Director of the CIA. Admiral, welcome to "Issues and Answers."

ADMIRAL STANSFIELD TURNER: Thank you.

CLARK: Iran appears to be near political chaos at the moment with the return of the Ayatollah Khomeini and his threat of a holy war unless the Bakhtiar government steps down. Can you give us an appraisal of the seriousness of the situation there, including the danger of it all degenerating into civil war?

ADMIRAL TURNER: Well, we have a difficult situation with the forces of Ayatollah Khomeini, on the one hand, wanting very rapid change of both the personalities and the form of the government, and the forces of Prime Minister Bakhtiar wanting to insure that any change that takes place is done in a constitutional manner, in accordance with the Iranian Constitution. The next few days, it seems to me, are going to be very critical in this process to see if an accommodation, an arrangement can be made so that this happens peacefully and smoothly.

I can only say, Mr. Clark, I think we all must hope that the Iranian people who've suffered considerably in the past several months are going to come through these next few days in a peaceful and quick solution to this problem.

CLARK: Would you be assured that we are getting adequate intelligence on what is going on in Iran at the moment, that we are on top of the situation and up to the minute on developments that are occurring there?

ADMIRAL TURNER: I believe we have very good information

Article appeared
on page 10-13

THE NEW REPUBLIC
3 February 1979

Two foreign policy camps prepare for a vicious game of "Lessons of Iran."

High Noon

Ayatollah Khomeini is preparing to return from exile as this is being written. Iran is facing its hour of maximum crisis, a kind of middle-eastern High Noon. By the time you read this, Khomeini's people may be running the country. Or they may all be dead or in jail as a result of a pro-shah military coup. Iran may be ablaze in civil war and in danger of disintegrating as a nation, creating opportunities for Soviet intervention. It is even conceivable that Iran's contending parties could be working out their differences peacefully. Not only Iran's future is in the balance, however. We seem to be approaching High Noon in Washington, too, between contending schools of American foreign policy. For weeks, they have been jabbing at each other with fingers of blame in a contest everyone is now calling, "Who lost Iran?" Within weeks, depending on how things work out, one side or the other may be declaring victory in a new contest—"the Lessons of Iran"—and claiming the right to set the future course of American foreign policy.

Before sorting out where each side stands, it is important to note some lessons of the Iran crisis that seem indisputable regardless what happens there and which side is vindicated in the US debate. The US never should have agreed to limit its sources of information to pro-shah elements in Iran and to avoid contacts with opposition groups. Now, to avoid being surprised again, we should end such arrangements in other countries where they exist. For example, since 1974, when diplomatic relations were resumed, the US has severely restrained its information gathering in Egypt so as not to offend President Anwar Sadat. Secretary of State Henry Kissinger apparently agreed initially to restrict the size of the CIA station in Egypt to assure Sadat there would be no new internal meddling of a type that took place during the Nasser era. US policy since then has been so restrictive, however, that military attachés are confined to official liaison duties with the Egyptian military and forbidden to seek what information they can in the ranks. Diplomatic officials do mix socially with Cairo's Marxist intellectuals, but they are not allowed to contact such sources of potential trouble as the right-wing Muslim Brotherhood. Congressional sources say that US embassy officials stay away from Communists in Italy and Japan, and information gathering also seems to be limited in Saudi Arabia. The US reportedly does no covert intelligence work in Israel, either, for fear of having its sources exposed by friends of Israel in the US government.

Other lessons and intelligence they have been other countries urbanization, against the shah study implicates Muslim world and the militia first-hand, but the US has to make more or an effort. We need to expand and improve information analysis at the CIA and elsewhere. But the White House also has to be willing to listen to bad news about its favorite regimes, as apparently was not the case with the shah's regime in Iran.

Some other lessons concern public diplomacy. An open administration is a welcome relief after years of secrecy, but it can be carried too far. President Carter has made a point of publicly blessing the shah, and then the shah's appointed interim government, of publicly condemning Khomeini and then appealing to him. None of it has worked. US blessings are not necessarily influential in Iran. Carter's appeals and condemnations have been so counterproductive that it's downright embarrassing. The president should have stated what principles the US supported—peace, democracy, stability—and kept quiet about personalities.

But all of these factors are tactical. When "Lessons of Iran" is played in earnest, the issue will be one of strategy. The captain of one side—call it the Hang Tough team—is Henry Kissinger. Ironically, he used to be leader of the other side—the Detentists, now led by Secretary of State Cyrus Vance—but he switched after leaving office. Kissinger is so articulate and smart that he seems to become the principal voice of whatever school he joins. Now he is arguing (as he did in an interview with *Time* magazine) that the crisis in Iran is part of a "progressive collapse of pro-Western governments" which can be arrested only "by a firm, purposeful and consistent American policy" that involves "imposing penalties and risks" on Soviet advances. Kissinger believes that the Soviets are responsible for Iran's oil worker strikes and that a Khomeini-dominated Islamic Republic would be radical, allied with Iraq and Libya and anti-Western, if not openly pro-Soviet. Kissinger does not say what the US should be doing in Iran, but his record as secretary of state was one of total support for the shah and he has criticized the Carter administration for pressuring the king to ease up on his dictatorial control of Iran.

Kissinger has many influential allies. Columnist Joseph Kraft has been calling for the United States to unleash the Iranian military forces to coup, and he has been

16 Jan 78
UNITED PRESS INTERNATIONALUP-146(DEFENSE ACTIVITIES)

WASHINGTON (UPI) - A CIA STUDY SHOWED TODAY THAT OVER A 10-YEAR PERIOD RUSSIA HAS OVERTAKEN THE UNITED STATES IN SPENDING ON DEFENSE AND MILITARY RESEARCH AND DEVELOPMENT OF NEW WEAPONS.

THE HOUSE ARMED SERVICES COMMITTEE, FOR WHOM THE REPORT WAS MADE, SAID IT SHOWED THAT FROM 1967 TO 1977 "THE ESTIMATED DOLLAR COSTS OF SOVIET INVESTMENT WERE ABOUT 20 PERCENT GREATER THAN U.S. OUTLAYS."

IN A SEVEN-YEAR PERIOD ALONE, FROM 1970 TO 1977, THE REPORT SAID, "THE SOVIET TOTAL WAS ALMOST 50 PERCENT GREATER THAN THAT FOR THE UNITED STATES."

"THE ESTIMATED DOLLAR COSTS OF SOVIET DEFENSE ACTIVITIES DROUGHT UP WITH U.S. DEFENSE OUTLAYS IN 1971 AND EXCEEDED THEM BY A WIDENING MARGIN IN EACH SUCCESSIVE YEAR," SAID THE REPORT.

"AT ABOUT \$130 BILLION, THE ESTIMATED COSTS OF SOVIET DEFENSE ACTIVITIES FOR 1977 WERE ABOUT 40 PERCENT HIGHER THAN THE U.S. OUTLAY OF \$90 BILLION," THE REPORT SAID.

"OVER THE 1967-1977 PERIOD AS A WHOLE, THE LEVEL OF SOVIET ACTIVITY FOR STRATEGIC FORCES, EXCLUSIVE OF RESEARCH AND DEVELOPMENT, MEASURED IN DOLLARS WAS ALMOST TWO AND A HALF TIMES THAT OF THE UNITED STATES," IT SAID.

UPI 01-16 07:47 PEG

24 October 1977

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Periscope

CUBA: NO. 1 MERCENARY

Cuba became the No. 1 supplier of Communist military advisers to the world's less-developed countries in 1976, a CIA study maintains. Russia and the Eastern European nations once provided almost 90 per cent of such military technicians, but Cuba won the cigar with its huge presence in Angola, now estimated as high as 15,000 men. The CIA report concluded that there were two basic reasons for the switch: Cubans come much cheaper than their Soviet counterparts, and their use presents less of a social and political problem for the host countries.

Rowland Evans and Robert Novak

The Backfire 'Concession'

The tentative arms-control agreement virtually pinned down when Soviet Foreign Minister Andrei Gromyko visited the White House does not classify the Russian Backfire bomber as a strategic weapon despite a new U.S. intelligence report showing it able to reach North America with ease.

A top-secret study puts the Backfire's range at over 10,000 kilometers (about 6,200 miles), nearly double some previous estimates. Yet, the strategic arms-limitation agreement relies on a Kremlin pledge—clearly unverifiable—not to use its impressive new bomber as a strategic weapon.

That alone would guarantee significant opposition to Senate approval of the SALT II treaty. But briefings within the national-security bureaucracy on the tentative agreement point to the all-too-familiar pattern of U.S.-Soviet negotiations: steady U.S. retreats with no significant Russian concessions.

Senior U.S. officials claim a major "concession" by the Soviets in agreeing to lower the overall limit of 2,400 strategic launchers (including long-range bombers) fixed at Vladivostok in 1975. But since the limit applies to each side, calling it a concession can be challenged.

More significant, the new agreement abandons President Carter's demand of last spring that Moscow effectively limit the number of its fearsome heavy missiles. Without that limitation and in the absence of U.S. heavy missiles, the Russians gave up nothing by reducing the overall limit on strategic launchers.

Similarly, there is a familiar taste to the way the tentative SALT II agreement handles two weapons systems left in limbo at Vladivostok: the U.S. cruise missile and the Soviet TU-28 bomber—the Backfire. The United States will severely limit cruise-missile ranges for three years. But, according to secret briefings, the Backfire will be limited only by "unilateral" Soviet declarations promising not to use it strategically and promising not to increase production.

Reliance on the Kremlin's word collides with highly classified Air Force briefings, featuring a chart showing the Backfire with longer range than the other bombers listed. That chart in turn reflects a recent study sponsored by the Defense Intelligence Agency and carried out by the Air Force's for-

tion—has substantially increased its range. If refueled once, in midair, the Backfire range is 8 per cent greater than the most advanced B-52s and 17 per cent greater than the shelved B-1. The DIA study's conclusion is unmistakable: The Backfire is an intercontinental weapon.

As part of the SALT II agreement, the Russians agree not to refuel the Backfire. But that assurance crumbles on two points: First, the Backfire can hit the continental U.S. without refueling on a one-way mission; second, the Kremlin's promises are simply not verifiable. The "B" model is fitted for mid-air refueling, and advanced Soviet "civilian" aircraft such as the wide-bodied IL-86 can be easily modified to become a tanker.

Nor does the Soviet "unilateral" promise not to increase production really insure against the threat to the United States of a greatly expanded Backfire fleet. Thanks to meager U.S. air defenses, the bomber is believed by the Pentagon to be a much bigger threat than is envisioned by the Arms Control and Disarmament Agency.

Thus, as informally agreed upon, SALT II describes an uneven poker game between the Russian and the American. Each is limited in his betting by table stakes. But when needed, the Russian can reach into his pocket and up the ante—by calling on the long-range Backfire bomber, not included in the overall limit on strategic launchers.

How can the U.S. negotiators countenance this? Senior officials say various U.S. intelligence agencies disagree on the Backfire's range. Yet, a 1976 study performed for the Central Intelligence Agency, which put the Backfire range at 6,000 kilometers (about 3,700 miles), has been discredited as based on faulty premises. In secret congressional testimony July 28, CIA Director Stansfield Turner himself conceded his agency's study was out of date.

U.S. negotiators are putting aside their own intelligence study and accepting Russian promises because they believe that the nation's need for an overall arms-limitation treaty outweighs inequitable provisions it may contain. That was the philosophy espoused by chief SALT negotiator Paul Warnke and his lieutenants in private life, though certainly not by candidate Jimmy Carter. This contrast promises a historic Senate debate with profound con-

sequences.

It reveals that, thanks to important